

Message Text

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ACTION EUR-25

INFO OCT-01 ARA-16 IO-13 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SPC-03

SS-15 USIA-15 ACDA-19 AID-20 COME-00 EB-11 FRB-02

TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01

MBFR-04 SAJ-01 DRC-01 /213 W
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FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 2003

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMCONSUL PARAMARIBO

AMEMBASSY PARIS

AMEMBASSY ROME

AMCONSUL CURACAO UNN

USMISSION NATO

USMISSION USUN NY

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: PINT, NL

SUBJECT: REACTION TO QUEEN'S SPEECH

REF: THE HAGUE 4098

1. SUMMARY: CONFESSIONAL PARTIES PARTICIPATING IN
COALITION EXPRESSED GENERAL SATISFACTION WITH QUEEN'S
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SPEECH, ALTHOUGH KVP SAID IT WOULD OPPOSE CERTAIN TAX

PROVISIONS IN DEN UYL GOVERNMENT'S PROGRAM. LEFT WING PARTIES REACTED FAVORABLY TO SPEECH BUT REGRETTED THERE WERE NOT GREATER CUTS IN DEFENSE EXPENDITURES. OPPOSITION LEADER WIEGEL CHARACTERIZED SPEECH AND GOVERNMENT PROGRAM AS DEMAGOGIC. TRADE UNIONS HAILED GOVERNMENT'S EFFORTS TO ATTACK INFLATION AND REDUCE INCOME DIFFERENCES, WHILE EMPLOYER ORGANIZATIONS WERE GENERALLY CRITICAL OF DIRECTION IN WHICH GOVT MOVING. MOST CRITICIZED GOVT PROPOSAL IS INCREASE IN TAX ON PRIVATE HOMES WHICH KVP SAYS IT WILL OPPOSE. PM DEN UYL SAID GOVT WILL NOT STAKE ITS LIFE ON THIS PROPOSAL. THUS, THERE IS NOT RPT NO INDICATION FROM REACTION THUS FAR THAT ANYTHING IN THE SPEECH OR GOVERNMENT'S 1974 BUDGET WILL THREATEN VIABILITY OF CURRENT COALITION. GENERAL DEBATE ON BUDGET IN SECOND CHAMBER SCHEDULED FOR OCTOBER 9-11. END SUMMARY.

2. REACTION TO QUEEN'S SPEECH AND GOVERNMENT BUDGET PROPOSALS FROM PARTICIPANTS WITHIN CURRENT COALITION WAS GENERALLY FAVORABLE. KVP FLOOR LEADER ANDRIESSEN PRAISED GOVERNMENT'S PROPOSALS ON EDUCATION AND WELFARE POLICY, BUT WONDERED WHETHER GOVERNMENT HAD NOT ASKED FOR TOO MUCH AT ONE TIME. ANDRIESSEN WAS CRITICAL OF HIGHER HOUSING TAXES AND SAID HIS PARTY WOULD OPPOSE THEM IN THE PARLIAMENT. ARP'S FLOOR LEADER AANTJES SAID SPEECH AND BUDGET INDICATED "SPIRIT OF REASONABLENESS AND MODERNATION". AANTJES PRAISED GOVERNMENT'S ATTEMPTS TO CONTROL INFLATION, BUT SAID ITS ENVIRONMENTAL POLICY WAS INADEQUATE.

3. LABOR PARTY FLOOR LEADER VAN THIJN SAID QUEEN'S SPEECH WAS "ENERGETIC NEW START OF NEW POLICY" AND CLAIMED GOVERNMENT PROPOSALS COULD END INFLATION SPIRAL. VAN THIJN TERMED 20 PERCENT INCREASE IN DEVELOPMENT ASSISTANCE FUNDS "MODERATE" BUT EXPRESSED DISAPPOINTMENT THAT THERE HAD NOT BEEN A GREATER CUT IN DEFENSE EXPENDITURES. D-66'S FLOOR LEADER TER LOWN SAID NEW GOVERNMENT HAD PRESENTED SOLID BUDGET BUT EXPRESSED MISGIVINGS ABOUT REVALUATION. HE ALSO REGRETTED GOVERNMENT'S FAILURE TO ADDRESS CONSTITUTIONAL REFORM. LIMITED OFFICIAL USE

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RADICAL FLOOR LEADER DE GAAY FORTMAN, WHO SAID GOVERNMENT HAD PROPOSED A BUDGET BASED ON A "MENTALITY THAT APPEALS," WAS DISAPPOINTED, HOWEVER, THAT THERE WAS "ANOTHER DEFENSE BUDGET WITHOUT A VISION OF THE ROLE THE ARMED FORCES SHOULD PLAY IN SOCIETY AND WITHOUT A VISION OF DISARMAMENT." THE RADICAL FLOOR LEADER ALSO CONSIDERED THE ENVIRONMENTAL PROPOSALS

4. LIBERAL FLOOR LEADER HANS WIEGEL CLAIMED SPEECH AND NEW BUDGET WERE DEMAGOGIC. HE SAID "ORDINARY MAN WOULD HAVE TO PAY THE PRICE," AND CLAIMED THAT THE MIDDLE CLASSES WOULD SUFFER FROM "IMPOSSIBLE TAX BURDENS". HE NOTED THE LIBERALS WOULD VOTE AGAINST PROPOSED PROPERTY TAXES, DEATH DUTIES, AND ABOLITION OF AN INFLATION CORRECTION MEASURE WHICH HAS BEEN OF MAJOR BENEFIT TO HIGHER INCOMES. DS-70 FLOOR LEADER DREES SAID THE NEW GOVERNMENT HAD NOT REALLY OFFERED A "NEW POLICY" AND WAS NOT AS COMMITTED AS IT SHOULD BE TO THE FIGHT AGAINST INFLATION.

5. THE THREE TRADE UNIONS (NVV, NKV AND CNV) IN JOINT STATEMENT PRAISED ALTERED CONTEXT IN WHICH GOVERNMENT WAS OFFERING ITS POLICY. UNIONS WELCOMED GOVERNMENT'S EMPHASIS ON QUALITY OF LIFE, HOUSING, INCOME DISTRIBUTION, AND ATTACK ON INFLATION AND UNEMPLOYMENT. THE UNIONS EXPRESSED REGRET THAT THE GOVERNMENT HAD NOT DEVOTED MORE ATTENTION TO CO-DETERMINATION IN INDUSTRY AND ALSO EXPRESSED RESERVATIONS ABOUT PRICE POLICY. THE MAJOR EMPLOYERS ORGANIZATIONS REGRETTED THE GOVERNMENT'S PLANS FOR INCREASED EXPENDITURES IN THE SOCIAL WELFARE AREA, EDUCATION, HOUSING, ETC, IN VIEW OF THE NEED TO STEM INFLATION. REPRESENTATIVES OF THE RETAIL TRADES CLAIMED THE CABINET WAS PUTTING THE BURDEN OF INFLATION CONTROL ON THE MIDDLE CLASS.

6. IN TELEVISION APPEARANCE AND QA SESSION EVENING SEPTEMBER 18, PRIME MINISTER DEN UYL EMPHASIZED GOVERNMENT'S DESIRE FOR REDUCTION OF DIFFERENCES IN INCOMES. HE SAID THAT IF EMPLOYERS AND UNIONS COULD NOT AGREE ON MEASURES WHICH WOULD RESULT IN BETTER INCOME DISTRIBUTION, THE GOVERNMENT ITSELF WOULD ACCOMPLISH THE TASK BY TAX MEASURES. COMMENTING ON WIDESPREAD CRITICISM LIMITED OFFICIAL USE

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OF GOVERNMENT'S PROPOSALS TO INCREASE HOUSING TAX, PM SAID THAT THIS WAS NOT A QUESTION ON WHICH GOVERNMENT WOULD PUT ITS POLITICAL LIFE ON THE LINE. RESPONDING TO LEFT WING CRITICISM OF DEFENSE PROPOSALS, PM REJECTED THE RADICAL LEADER'S VIEW THAT THE NEW GOVERNMENT LACKED "VISION IN THE FIELD". HE REFERRED TO FOUR ACCOMPLISHMENTS: (A) DIVISION OF TASKS WITHIN NATO AND RESULTING ECONOMIES, (B) REDUCTION OF DEFENSE EXPENSES, WITHOUT QUALITATIVE LOSS, (C) NEW ORGANIZATION OF THE DEFENSE MINISTRY, (D) EFFORT TO REDUCE ROLE OF NUCLEAR WEAPONS. DEN UYL CLAIMED THESE WERE CONSIDERABLE ACCOMPLISHMENTS AND ACHIEVED IN FAIRLY SHORT TIME.

7. COMMENT: SECRETARY OF KVP PARLIAMENTARY GROUP TOLD EMBOFF SEPTEMBER 19 BOTH KVP AND ARP WERE

EXTREMELY PLEASED WITH CONTENT AND TONE OF SPEECH AND
1974 BUDGET. HE SAID KVP FLOOR LEADER ANDRIESSEN AND
HIS LABOR COUNTERPART VAN THIJN HAVE BEEN IN CLOSE
CONTACT ON VARIOUS PROVISIONS IN NEW BUDGET. EXCEPT
FOR HOUSING TAX DIFFERENCES, THEY SEE PRETTY MUCH EYE
TO EYE. THUS HE EXPECTED NO PROBLEMS DURING GENERAL
DEBATE ON BUDGET WHICH IS SCHEDULED FOR OCTOBER 9 TO 11.
END COMMENT.
TANGUY

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